

WSAC

Washington State Association of Counties

206 Tenth Ave SE
Olympia, Washington 98501
(360) 753-1886
FAX (360) 753-2842

AWC

Association of Washington Cities

1076 Franklin St. SE
Olympia, Washington 98501
(360) 753-4137
FAX (360) 753-4896

September 1, 2010

Governor Chris Gregoire
Office of the Governor
PO Box 40002
Olympia, WA 98504-0002

Dear Governor Gregoire:

Thank you for the opportunity to be part of your efforts to help reshape state and local government in order to respond to the changing economy. As you know, this change is being felt throughout our state – in homes, businesses, and among Washington's 281 cities and towns and 39 counties. We are committed to continuing to implement changes and efficiencies at the local level and welcome the opportunity to explore ideas on how to accomplish more in partnership with the state.

Working with our membership, we have come up with an initial number of ideas that we believe will support the economic recovery; help control the cost of providing services at both the state and local level; focus public spending on activities that get results; and maximize limited resources. We think these ideas, should they get enacted, will make a significant impact. We are continuing to develop additional ideas and look forward to working with you and your staff on them.

Support Economic Recovery

Cities and counties, in conjunction with the state, play an important role in economic recovery. Therefore, it is important that state policy and resource allocation support the core areas of our responsibilities in economic recovery: infrastructure, planning, and permitting.

- **Create a public works investment system for the 21st century.** As the state considers the most effective way to use its limited capital budget, we would urge you to strategically invest in infrastructure projects for the 21st century as the top priority. Funded projects should support the economic recovery, address the most critical infrastructure needs, and help meet state and federally imposed regulatory requirements. Infrastructure funding

sources should be reviewed in order to simplify criteria and help focus on priorities. The change in the economy has produced a beneficial bid climate for public works projects, however, without programs such as the Public Works Trust Fund many cities and counties do not have the funds available to take advantage of this strong bidding climate.

- **Streamline project permitting processes.** Continue to work on efforts to consolidate permit processes at the state level and provide cross jurisdictional permitting authorities. For example, can counties take on such permitting efforts for electrical work performed by Labor and Industries?
- **Expedite planning processes.** The Growth Management Act should allow cities and counties the ability to effectively respond to emerging economic opportunities.

Maximize Limited Resources

Local governments, like the state, have had to make significant program cuts over the last couple of years and continue to make them. In order to maximize the limited resources we have, we need to reduce administrative costs and inefficiencies and focus on services to our citizens.

- **Greater efficiency in state pass-through funding to local jurisdictions.** Currently, the state provides a number of programs that provide grants, loans, or contracts to local jurisdictions. While grateful for this funding assistance, we are becoming increasingly concerned that our collective costs to administer these funds is compromising their original intent. Cities and counties believe that many programs could be streamlined to reduce the state's overhead costs, decrease local reporting costs, and put limited resources to work more quickly.
- **Allow for greater flexibility for existing local revenues.** We need to be as flexible as possible in order to respond to this fiscal crisis and that means using our revenues as effectively as possible. Flexibility is the key to responding to this crisis. We are being asked to do more with less revenue and we need to be able to use the revenue we have. Restrictions on real estate excise and lodging taxes can be cumbersome and inefficient. We also would like to see broader authority to use the trial court improvement funds. We urge the state to remove counterproductive non-supplanting language from current revenues and to avoid adding any new non-supplant requirements.

Control the Cost of Providing Services

The increase in the cost to provide valuable public services has outstripped the increase in revenues needed to support them. We need to work together to find ways to stabilize the cost of providing services.

- **Ensure that personnel costs are sustainable.** Both the state and local jurisdictions are only as good as the committed public servants we employ. However, personnel costs continue to grow at a rate that is unsustainable even in a strong economy. We need to take

a hard look at our collective bargaining environment in the state and find ways to ensure that fiscal reality plays a leading role in our labor relations. We suggest stronger criteria for binding arbitration such as "ability to pay" language, arbitrator qualifications and comparables, as well as a greater recognition of the need to be flexible with the use of volunteers, furloughs; including the courts, private contracts, and layoffs that would save money, public services, and jobs.

- **Remove the profit motive from harassing public requests.** Open and transparent government is a high priority at the local level and we continuously strive to achieve this goal. However, the high cost of responding to harassing and serial records requests is driving up our costs and forces local jurisdictions to spend money on staff dedicated to such requests and costly legal fees. Currently, we are experiencing an increase in the number of individuals and attorneys who have discovered that they can make money by playing "gotcha" with local jurisdictions and state agencies over records requests. This does not serve the best interests of the public and should not drive our open government policies.
- **Update the way we communicate.** Local governments spend a considerable amount of money in order to meet the myriad of public notice requirements required by law. We would also like the ability to utilize low cost methods to inform the public instead of the statutory required legal notices in the local newspaper of record.

Focus on Results

Our citizens demand and deserve results from their government; but sometimes we are forced to govern to rules not results. We need to find creative solutions to deliver the outcome that the public wants without having to impose rules that limit our ability to achieve results.

- **Evaluate application of state and federally imposed regulatory requirements.** Now is the time to and ask whether or not changes to regulatory requirements are appropriate to address during these challenging economic times. We would like to see the executive branch provide rigorous guidelines that state agencies can follow before reopening WACs, amending permits, or changing administrative procedures. We would be delighted to work with your staff to explore this further. As an example, regulated cities and counties remain concerned about the costs associated with stormwater management as outlined in the National Pollutant Discharge Elimination System (NPDES) Municipal Stormwater permits. The Department of Ecology is currently evaluating new NPDES requirements that would increase our costs and responsibilities at a time when we are struggling to pay for the current requirements. We appreciate the goals of this program but ask that the state revisit the timing – in particular until we achieve more success in finding revenue to supplement what we're raising locally. We would also suggest that the recently enacted and much appreciated the three year "pause" for mandated updates of local Growth Management Act (GMA) plans and regulation is a good illustration of delaying mandates. Similar "pauses" may be appropriate during this lingering economic crisis.
- **Increase the value of state audits.** Fiscal accountability is also of paramount importance to local jurisdictions and we strive to be the best stewards of the public dollars. To that end,

we value the work of the State Auditor; however, local jurisdictions struggle with the costs related to fiscal and performance audits. We suggest that the state take a hard look at these programs to determine if the costs are justified by the benefits. We would like to see greater emphasis on more cost-effective education and technical support efforts— such as the Auditor's Small Cities Program which was recently scaled back. Finally, we endeavor to work with the State Auditor to establish a partnership to conduct meaningful performance audits that produce true efficiency results and cost savings.

Your recognition that the actions of the state have a direct and lasting impact on local jurisdictions is greatly appreciated. We and our citizens rely heavily on a variety of state programs and state shared revenues. We feel the impact when the state is forced to make cuts. Changes at the state level often translate into greater needs at the local level which stretch our already limited resources even further. We must work together to address these problems so that we are not simply transferring the burden to those jurisdictions that can least afford it.

Thank you for engaging us as part of a broad coalition to collectively work in the best interests of our state. We know this is only the beginning of a very difficult process, it is our hope that we can talk with you, your administration, and legislative leaders further about these and other ideas in greater detail over the coming weeks and months.

Sincerely,



Mike McCarty
CEO
Association of Washington Cities



Eric Johnson
Executive Director
Washington State Association of Counties

c: Marty Brown, Director of Office of Financial Management
Jim Justin, Legislative Director